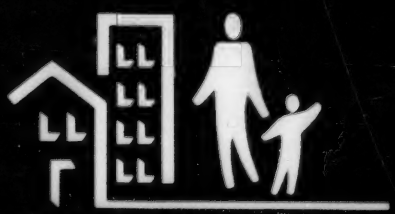
PUBLIC GUARDIAN
AND TRUSTEE OF
BRITISH COLUMBIA

Suite 700 - 808 West Hastings Street, Vancouver, British Columbia V6C 3L3
Telephone: (604) 660-4444 Fax: (604) 660-0374
www.trustee.bc.ca

Service Since 1963

ANNUAL REPORT



PUBLIC GUARDIAN
AND TRUSTEE OF
BRITISH COLUMBIA

Transmittal to the Attorney General

September 28, 2001

The Honourable Geoff Plant
Attorney General
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Attorney General:

Pursuant to section 25 of the *Public Guardian and Trustee Act*, I have the honour of presenting the Annual Report of the Public Guardian and Trustee of British Columbia.

This report covers the period April 1, 2000 to March 31, 2001.

Regards,

Jay Chalke
Public Guardian and Trustee

THE ANNUAL REPORT IS CHANGING

The new *Public Guardian and Trustee Act* specifies the contents of our Annual Report. This year, for the first time ever, we are including audited financial statements for the organization and for our stewardship of estates and trusts under our care.

Next year will see the inclusion of a further aspect of our commitment to public accountability - a statement on how well we did during 2001 - 2002 in achieving the performance targets set out on pages seven and eight. In addition, a report from the Auditor General on our performance statement will be included.

Message from the Public Guardian and Trustee

2000-2001 at the Public Guardian and Trustee of British Columbia has been a year of considerable change. In our first full year as the Public *Guardian and* Trustee, we met the challenge of a modernized statutory framework delivering new statutory responsibilities and doing so in a more open, transparent manner.

The first year of services relating to the adult guardianship legislation has had a significant impact on our office, involving both implementation and the delivery of new on-going services. The new services provided by the Public Guardian and Trustee include: substitute health care decisions, investigating allegations regarding the conduct of representatives acting under representation agreements and arranging for assessments of incapability in cases of abuse or neglect. For example, in our new role as a health care substitute decision-maker, we made approximately 670 decisions for British Columbians in a timely, individualized and compassionate manner.

To communicate the specifics of these new services, we developed numerous public information guides and we delivered many public education sessions. Another focus of our office has been to provide support and education to various public organizations, including health care professionals, as they adapt to the changes brought about by these new laws.

> "2000-2001 was a year characterized by increased openness, transparency and accountability to our clients, their families and the public."

In last year's Annual Report, I acknowledged the criticism of the new *Representation Agreement Act* and committed to working towards improvements in order to address the various issues that had been encountered during implementation. With the valuable input of individuals and organizations in the legal, financial, health care and seniors disability communities, we made recommendations to the government to streamline and simplify the Act. Subsequently, these changes were considered by the Legislative Assembly and passed as the *Adult Guardianship Statutes Amendment Act, 2001*.

PUBLIC GUARDIAN AND TRUSTEE OF BRITISH COLUMBIA

2000-2001 was a year characterized by increased openness, transparency and accountability to our clients, their families and the public. In these efforts, Public Guardian and Trustee staff have demonstrated a high level of expertise, sensitivity, teamwork and professionalism. To maintain our ability to effectively deliver service to our clients, we are committed to the continued growth, training and development of our staff.

The new *Public Guardian and Trustee Act* includes a requirement for us to proactively plan to provide greater transparency and accountability to the public. A three-year Service Delivery Plan was delivered to the previous government in accordance with the Act. The plan was approved by the then Attorney General but the necessary funding to proceed with the plan was not allocated by Treasury Board. It is disappointing that, as a result, that plan could not be implemented. Therefore, in accordance with the resources made available to us, the 2001-2002 Corporate Performance Plan was developed. The goals, objectives and performance measures set out in the plan are reproduced in this report. This plan will assist us in focusing on value-added services and the development of an organizational performance culture.

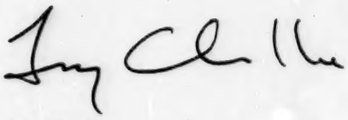
Twelve British Columbians were appointed to the first Public Guardian and Trustee Advisory Board this year. Their role is to make recommendations on the strategic direction, functions and effectiveness of our services. The diversity and wealth of experience of the Advisory Board members has already proven to be an asset to us.

The first Public Guardian and Trustee Investment Advisory Committee was also appointed in the year. The Committee provides advice on developing and implementing strategic policies for investing money on behalf of our clients, monitoring investment performance and regularly evaluating investment results. The Investment Advisory Committee's expertise will greatly enhance the investment services we provide and the results we achieve for our clients.

On behalf of all the staff, I wish to express my thanks to both the Advisory Board and the Investment Advisory Committee for their terrific contributions in the first year of both bodies.

Although we face new challenges and increased workloads as a result of change, we continue to grow in our endeavours by focusing on six major values: client-centred service, respect, innovation, teamwork, openness and staff support. By keeping a steady eye on these values, we are moving forward in the role entrusted to us to protect the legal interests and safeguard the rights of British Columbians who are unable to independently administer their affairs and estates of deceased persons.

The year covered by this report was an important one characterized by many new developments. I am very proud of the manner in which our staff met these challenges of new services and new transparency.



Jay Chalke
Public Guardian and Trustee

KEY ACHIEVEMENTS 2000 - 2001

Public Guardian and Trustee Advisory Board

The Public Guardian and Trustee Advisory Board was established this year under the *Public Guardian and Trustee Act*. The Board, consisting of 12 members appointed by the Lieutenant Governor in Council, met three times in 2000-2001. The mandate of the board is to provide advice and make recommendations on the strategic direction, functions and effectiveness of the delivery of services of the Public Guardian and Trustee. Board members reflect the cultural, geographic and diverse needs of the people served by the Public Guardian and Trustee. Their combined backgrounds in fields such as business, health care, social services, disability rights, law and ethics were invaluable in providing advice to the Public Guardian and Trustee.

ADVISORY BOARD MEMBERS

Rose-Marie Davies

Al Etmanski

Bethan J. Everett

Dr. E. Margaret Fulton

Dr. Gillian Hodge

Andrew Kellett

Yvonne Kennedy

Dale Parker

Jack Scollon

Donovan Waters

George Watts

Miriam Yu

Adult Guardianship Implementation

HISTORY

In 1989, community organizations, agencies and government joined in a collaborative effort to reform British Columbia's adult guardianship laws.

In 1993 the *Representation Agreement Act*, the *Health Care (Consent) and Care Facility (Admission) Act*, the *Adult Guardianship Act* and the *Public Guardian and Trustee Act* were passed unanimously by the legislature. A selective proclamation package came into force on February 28, 2000. These changes modernized the law governing decision-making for adults unable to independently manage their affairs. This includes their legal, financial, property, personal and health care decisions.

IMPLEMENTATION

On a provincial basis, implementation has been guided by a number of planning groups comprised of stakeholder representatives, with activities initiated and carried out by the Adult Guardianship Implementation Project at the Public Guardian and Trustee.

Activities included the development of draft regulations, policies, protocols, public information brochures and guides and public and staff education.

Implementation of these Acts included:

- Supporting and funding 70 Community Response Networks throughout the province
- Coordinating the development of regulations
- Developing public information brochures and guides, including *It's Your Choice: A Guide to Making Representation Agreements*
- Assisting health authorities and their staff as they undertake their role as agencies designated to look into cases of abuse and neglect under Part 3 of the *Adult Guardianship Act*
- Providing training to health care professionals on the *Health Care (Consent) and Care Facility (Admission) Act*
- Establishing guidelines for the interface between the police and health authorities under Part 3 of the *Adult Guardianship Act*
- Consulting with representatives of First Nations organizations, government and communities to implement Part 3 of the *Adult Guardianship Act* in First Nations and aboriginal communities.

ADULT GUARDIANSHIP STATUTES AMENDMENT ACT - 2001

Staff of the Public Guardian and Trustee, together with representatives from legal, financial and community organizations, worked to propose important changes to improve the *Representation Agreement Act* and regulations. Their assistance was vital in being able to promptly address so many implementation issues. Amendments were passed by the Legislative Assembly in March 2001 to simplify and streamline certain features of the new law.

Included among the changes were:

- simplified execution requirements when making representation agreements
- a more clearly defined role for monitors
- opt-out provisions allowing greater flexibility in tailoring agreements to individual circumstances
- clarification to ease acceptance of representation agreements outside British Columbia.

KEY ACHIEVEMENTS 2000 - 2001

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Public Guardian and Trustee Investment Advisory Committee

The new Investment Advisory Committee was established this year. The Committee's role, as set out in the *Public Guardian and Trustee Act*, is to advise the Public Guardian and Trustee generally on the prudent investment of funds under management.

Specifically, the committee provides the Public Guardian and Trustee with general strategic advice on long-term investment policies, investment performance monitoring and evaluation, strategic money management, investment administration procedures and advice on the selection of investment managers.

The Committee members were selected based on their expertise in investment management, their business and financial markets experience, and their knowledge and interest in the responsibilities of the Public Guardian and Trustee.

INVESTMENT ADVISORY COMMITTEE MEMBERS

Stanley W. Hamilton
Senior Associate Dean of Academic Programs and Professor of Urban Land Economics, Faculty of Commerce and Business Administration, University of British Columbia

Robert S. Hager
Retired founding partner and Chairman of Phillips Hager & North Ltd.

George Morfitt
Chartered Accountant, Adjunct Professor in the Department of Public Administration at the University of Victoria, former Auditor General of British Columbia

Improving Communication with Clients and Families

In working to become more open and transparent, the Public Guardian and Trustee has improved communication with clients, their families and the public. This year, for the first time, the Public Guardian and Trustee produced and distributed a Client Services Newsletter and completed the Parent Information Package.

PARENT INFORMATION PACKAGE

As mentioned in last year's annual report, the Public Guardian and Trustee has been working to improve communication with the parents of our child and youth clients. A package entitled, *Your Child's Trust Fund: A Guide To Working With The Public Guardian and Trustee*, was completed at the end of 2000 and is now available in hard copy for Public Guardian and Trustee child and youth clients and their families. It is also available on the Public Guardian and Trustee web site for the general public. This package was developed to help parents and guardians better understand the roles and responsibilities of the Public Guardian and Trustee and, by working together, allow the Public Guardian and Trustee to do the best job possible of managing the trust funds of our child and youth clients.

CLIENT SERVICES NEWSLETTER

The newsletter, *PGT and You, Staying In Touch*, was completed and sent to all adult clients of the Public Guardian and Trustee. The "Staying in Touch" subtitle is our public commitment to establishing a closer relationship with our clients. The newsletter will be distributed on an annual basis to Public Guardian and Trustee clients with the hope that families, friends and community organizations will also find it useful. It provides information on the recent tools available with the adult guardianship legislation and on the services provided to clients when the Public Guardian and Trustee acts as Committee on behalf of clients. It also highlights commonly asked questions and provides straightforward answers.

PUBLICATIONS

(all publications are available at www.trustee.bc.ca)

General

Who We Are

Client Investments

Public Guardian and Trustee Educational Assistance Fund

Please, Review that Decision

Past and Current Annual Reports

Adult Guardianship

It's Your Choice - A Guide to Making A Representation Agreement

Consent to Health Care

Making Health Care Decisions on Behalf of Someone Else

Health Care and Care Facility Review Board: Providing Safeguards

Planning for Your Future: Representation Agreements, New Planning Tools for British Columbians

So, You've Been Asked to Be a Representative or Monitor

Protecting Adults from Abuse, Neglect and Self Neglect

Child and Youth Services

Your Child's Trust Fund: A Guide To Working With The Public Guardian And Trustee

Your Child's Trust Fund: Awards For Children Who Have Been Severely Injured

Protecting the Rights and Interests of Children

Money Held in Trust For a Child

Services to Adults

Client Services Newsletter

How You Can Help People Manage Finances and Legal Matters When They Cannot Manage On Their Own

Information for Service Providers

Committee of Person

When the Public Guardian and Trustee is Committee

Plan Now to Protect Your Future

Private Committee Handbook

Estate Administration

When Someone Dies Without A Will: Who Protects and Settles the Estate

OPERATIONAL OVERVIEW 2000 - 2001

Child and Youth Services

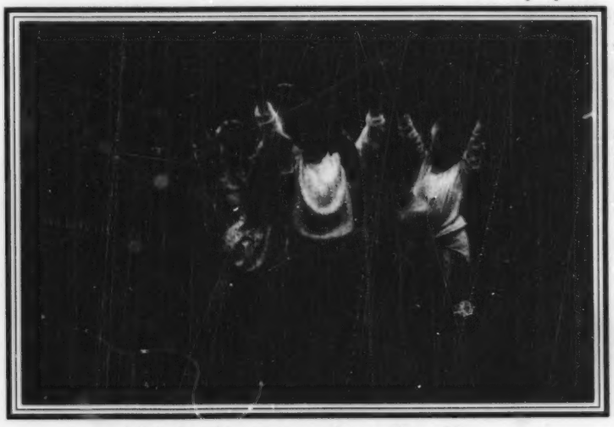
The Public Guardian and Trustee upholds and protects the rights of British Columbians under the age of 19 by reviewing all personal injury settlements, legal contracts and trusts and estates involving minors. It ensures that children are properly represented in civil legal proceedings and administers funds held in trust for children and youth.

Child and Youth Services administers trusts on behalf of 11,000 children and youth.

CHILDREN'S LEGAL INTERESTS

In order to protect the property rights of children, the law mandates the Public Guardian and Trustee to see that those legal and financial interests are protected. For example, when a child is injured and receives money as a result, the Public Guardian and Trustee reviews the amount offered to settle the claim to ensure the child is fairly compensated.

Because the Public Guardian and Trustee is guardian of estate for children in continuing care of the province, the Public Guardian and Trustee is also responsible for pursuing legal action on behalf of these children. In addition, the Public Guardian and Trustee assumes this role where the



child's legal interests are in conflict with those of the parent or guardian, or when there is no guardian to attend to a child's legal interests. If no other adult will protect the child's interests, the Public Guardian and Trustee may start or continue a legal action to ensure the child receives fair compensation for injuries, or to see that the child's property is protected.

TRUST MANAGEMENT

When a child is entitled to money from certain insurance policies as compensation for injuries, or from certain types of employment such as entertainment, this money is normally paid to the Public Guardian and Trustee in trust for the child. This money is then invested and administered on the child's behalf until the child reaches the age of 19.

FINANCIAL ENTITLEMENTS

If a child is orphaned and no adult is appointed guardian, or when a child is placed in the continuing care of the province, the Public Guardian and Trustee becomes guardian of the child's estate. The Public Guardian and Trustee then safeguards the child's financial and legal interests by determining and securing financial benefits to which the child is entitled, such as life insurance, CPP orphan's benefits, WCB Criminal Injury awards or any inheritance from an estate.

Services to Adults

The Public Guardian and Trustee acts as a substitute decision-maker for adults who need assistance in decision-making and do not have available family or friends. The Public Guardian and Trustee protects the legal rights and personal and financial interests of adults in vulnerable circumstances, including making health care decisions on their behalf. In these efforts, the Public Guardian and Trustee works to balance the rights of independence with the need for protection.

One of the priorities this year has been to learn how to best use the new tools made possible by the proclamation of the adult guardianship legislation. The challenge is striking the appropriate balance in each situation between representing rights of autonomy versus protection of adults from abuse and neglect. As a result of the heightened awareness and reduced tolerance of abuse and neglect, calls and reports of concerns have increased dramatically.

Assessment and Investigation Services, which receives all new referrals, has been able to significantly enhance its financial investigations over the last year through the new provisions in the legislation. Volume remains high and the number of consultation calls continues to increase; however, the number of new clients of the Public Guardian and Trustee is remaining fairly stable at around 30 per month.

Private Committee Services, which monitors approximately 2500 private committeeships in B.C., undertook a major project to redesign service delivery. This included developing a risk assessment tool for screening private committee accounts to determine the scope of review required by the Public Guardian and Trustee. Legislative changes now give discretion to the department to determine the timeframe for the accounting period. In most circumstances, the initial accounting period for new committees has been reduced, but subsequent review periods can be set ahead as far as five years. Overall, it is expected that these changes will shift the focus of Public Guardian and Trustee monitoring services to where they are most needed, providing more staff resources for investigations and support to those committees who require additional assistance and guidance.

In Client Services, the Public Guardian and Trustee represents nearly 3,600 clients, primarily as Committee of Estate. A recent review of Public Guardian and Trustee demographics indicate that the Public Guardian and Trustee client base is changing. Since 1995, Public Guardian and Trustee clients over the age of 55 have increased from 54% to 70%. This has an impact on the skill sets and training requirements of our staff. While caseloads are still high, the case management model within self-directed teams is proving successful.

The service of the new Health Care Decisions Team is a major success story for the Services to Adults Division. This service, delivered seven days a week, 365 days a year, delivers the Public Guardian and Trustee's responsibility to act as temporary substitute decision maker under the *Health Care (Consent) and Care Facility (Admission) Act*.

Over the first 13 months under the new law the team was involved in approximately 670 health care decisions typically as substitute decision maker, but also authorizing others such as friends to act, or by finding relatives and putting them in touch with their family members and the adult's health care provider.

OPERATIONAL OVERVIEW 2000 - 2001

Estate Administration Services

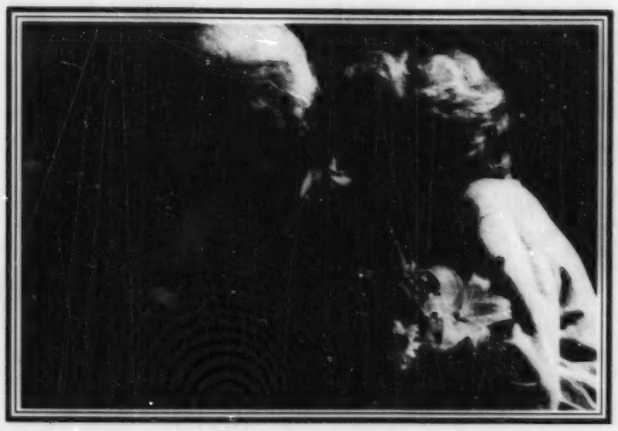
The Public Guardian and Trustee protects and administers the estates of deceased persons when there is no one else willing and able to do so, as well as the estates of missing persons.

Police, coroners, hospital, and health care providers all rely on the services provided by the Public Guardian and Trustee's Estate Administration Division. Notice of a death where there is no family member able to arrange a funeral results in a professional team ensuring that the deceased person's affairs are dealt with properly and respectfully. A thorough review of personal papers and background allows for appropriate final arrangements to be made, as well as for protecting assets, resolving debts and attending to the many other things that need to be done, including searching for and distributing the estate to heirs or beneficiaries.

In the Estate Administration Division, efficiencies enabled the Public Guardian and Trustee to assume administration of estates formerly under the jurisdiction of the Deputy Official Administrator in Kelowna. Streamlined policy and procedures for locating and proving the entitlement of heirs were implemented. Changes to the law respecting the rights of common law and same sex spouses to inherit required staff training and public education with respect to these new rights.

The 32 staff in the Estate Administration Division and the Victoria Deputy Official Administrator's office manage such cases for all of British Columbia, striving to provide sensitive and professional service when no one else is able to do so. At the end of the year over 2,400 estates were under administration.

The Estate Administration Division provides personal trust services where there is no suitable trustee able or willing to administer a trust established for an incapable adult or minor beneficiary. The administration of these trusts involves a multitude of complexities. When making decisions regarding payments from the trusts, the terms of the trust, varying individual circumstances, other income sources and eligibility for social benefits must all be considered. There is frequently a need to establish reliable lines of communication with support networks to determine how best to use the trust to improve the beneficiaries' quality of life. At the end of the fiscal year approximately 250 trusts were under administration.



The division also administers the Public Guardian and Trustee Educational Assistance Fund, a trust established to provide financial assistance for post secondary education for former children who earlier in their lives were in the continuing custody of the province. Each year about 30 beneficiaries receive bursaries to assist them toward career goals in fields such as the arts, environmental management, international relations, mechanics, teaching, and youth care.

Planning, Policy and Communications

The main focus of Planning, Policy and Communications in the past year has been on supporting the new accountability requirements under the *Public Guardian and Trustee Act*. This includes the statutory requirement to annually develop a prospective plan outlining goals, objectives, activities, performance measures and budgets, and a retrospective report to the Attorney General regarding activity in the previous year.

To begin evaluating the effectiveness of the four adult guardianship Acts, a series of evaluation working group meetings were held with a variety of stakeholders from across the province. Draft plans for data collection were developed and a series of physician focus groups were held.

A total of 207 completed policies are now available for use by staff. Of those, 26 were completed in the last fiscal year. In addition, high priority policies for development and completion in the next fiscal year have been identified.

We continue to produce new public information documents which are all available at the Public Guardian and Trustee web site. The site, www.trustee.bc.ca, is continually being updated to provide the public with current information and receives an average of 2,300 visits per month.

Finance, Administration and Systems

The Finance, Administration and Systems Division provides a range of services both to the operating divisions of the Public Guardian and Trustee and directly to clients.

Each year, Client Financial Services processes about $259 million in cash receipts and disbursements of client income, asset disposals and expenses and distributions. 5,500 personal and estate tax returns were filed for clients in 2000. The Administration Services Department receives, records and warehouses about 350,000 lbs. of personal property for approximately 1,200 clients province-wide.

Total client assets under administration were valued at $614,007,698 at March 31, 2001. The invested assets include the Public Guardian and Trustee Premium Money Market Fund valued at $415,528,053 and the Public Guardian and Trustee Balanced Income Fund valued at $15,589,846. These two funds had rates of return for the year of 6.0% and 8.1% respectively.

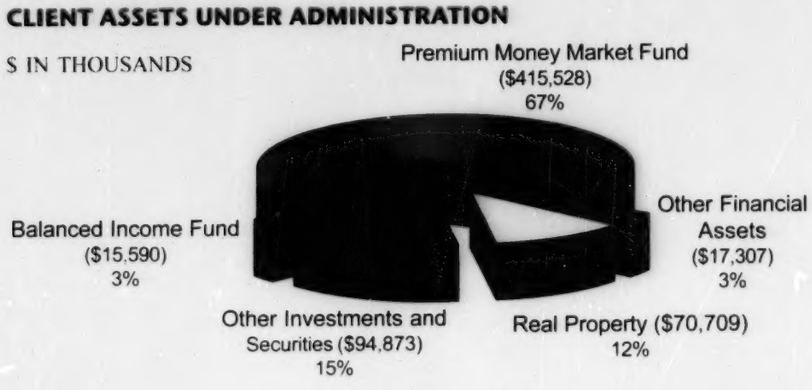
During the year, investment planning tools were developed and personalized investment plans were completed for more than 580 clients.

The pilot investment pooled fund started last year was rebalanced and renamed the Public Guardian and Trustee Balanced Income Fund. This fund is most suitable for higher net worth clients with a longer investment horizon.

Plans for a Balanced Growth Fund, a new fund suitable for clients with long investment time horizons and higher tolerance for variability, were developed in the year.

Appropriate planning tools and investment alternatives reflect the Public Guardian and Trustee's commitment to improved client investment performance under the prudent investor standard.

CLIENT ASSETS UNDER ADMINISTRATION


$ IN THOUSANDS
Premium Money Market Fund ($415,528) 67%
Balanced Income Fund ($15,590) 3%
Other Financial Assets ($17,307) 3%
Other Investments and Securities ($94,873) 15%
Real Property ($70,709) 12%

OUR PERFORMANCE PLAN FOR 2001 - 2002

The Public Guardian and Trustee has, over the past few years, been making services and service standards more open and transparent. This trend was given legislative support with the coming into force of Part 3 of the *Public Guardian and Trustee Act*.

To develop the plan for 2001 - 2002, the Public Guardian and Trustee consulted with external public and private service partners and stakeholders. Current public views of the Public Guardian and Trustee were addressed as was our future role. Discussion also involved a number of challenges facing the Public Guardian and Trustee and suggestions were proposed for addressing these challenges.

GOAL 1 - Property and financial interests of Public Guardian and Trustee Clients will be protected

OBJECTIVES	PERFORMANCE MEASURES/TAR
• Decisions regarding disbursement of property of children will be made in a timely manner.	• Percentage of decisions regarding property
• The PGT will be notified in a timely manner by the Ministry of Children and Family Development (MCFD) of children in continuing custody.	• Agreement with MCFD by March 31, 2002 • Percentage of children for whom PGT is G
• The entitlement of children in care to financial benefits and the existence of legal claims will be identified and acted upon in a timely manner.	• Percentage of cases where PGT is Guardian
• Property interests of Committee of Estate clients will be identified and secured.	• Within the first 3 months of PGT appointed • Percentage of PGT clients with real propert
• Clients' property and assets will be managed in a timely, efficient and prudent manner.	• Percentage of client receipts processed with • The ratio of substantiated complaints to the • Percentage of real property reports prepare
• Deceased clients' property will be determined and secured in a timely fashion.	• Percentage of new estates for whom assets
• Estate distributions will be made to heirs and beneficiaries rather than escheating to the Crown.	• Money paid to heirs and beneficiaries expr
• Beneficiaries will be protected from disreputable heir tracers.	• Percentage of estate distributions that pay
• New prudent investment opportunities provided for under the *Public Guardian and Trustee Act* will be implemented.	• Personalized investment plans developed fo • Specialized investment pools established by • Performance benchmarks established by M • Investment returns for all three pooled fun
• Enhanced control over financial transactions involving client assets will be ensured.	• Internal audit function and mandate establis

GOAL 2 - Personal interests of Public Guardian and Trustee clients will be protected

OBJECTIVES	PERFORMANCE MEASURES/TA
• Personal care needs for clients awarded funds over $50,000 for cost of future care will be considered in a timely manner and reviewed annually.	• Percentage of assessments of care needs • Percentage of clients awarded funds in ex
• Individualized case management plans will be developed and implemented for clients for whom the PGT acts as Committee of Person.	• Percentage of persons for whom the PGT • Percentage of clients for whom the PGT i
• Health care decisions will be made in a high quality and timely manner.	• Percentage of minor health care decisions • Percentage of health care decisions made

GOAL 3 - Statutory protective and monitoring services will be delivered in a timely and fair manner

OBJECTIVES	PERFORMANCE MEASURES/TA
• Settlement reviews of children's legal claims will be carried out in a timely and expert fashion.	• Percentage of proposed settlements that a • Percentage of proposed settlements over $
• The PGT will protect vulnerable incapable adults at risk for abuse, neglect and self-neglect.	• Percentage of requests by Designated Ag request by the Designated Agency (Targe
• Private Committee reviews will be completed in a timely manner.	• Median duration from date of receipt to c

GOAL 4 - The Public Guardian and Trustee will take a leadership role in public and social policy issues affecting

OBJECTIVES	PERFORMANCE MEASURES/TA
• An enhanced method of protecting children's interests in class proceedings will be defined.	• Identification of improved mechanisms fo
• The PGT will assist communities to develop a set of protocols to reflect requirements of Part 3 of the *Adult Guardianship Act*.	• Percentage of CRNs that have developed

GOAL 5- Better client services will be provided through improved organizational capacity

OBJECTIVES	PERFORMANCE MEASURES/TA
• Cultural and linguistic accessibility of PGT services will be increased.	• The language choice and alternative forma • Priority public education documents for tr
• Client services will be delivered in accordance with established standards and policies.	• High priority policies developed by March

GOAL 6- Public Guardian and Trustee program independence will be supported through enhanced administrati

OBJECTIVES	PERFORMANCE MEASURES/TA
• The PGT's fiscal relationship to the government will facilitate the development of an entrepreneurial culture.	• Review of fiscal and administrative relatio

GOAL 7- The Public Guardian and Trustee will maintain a work environment that attracts, develops and empow

OBJECTIVES	PERFORMANCE MEASURES/TA
• High quality programs for staff orientation and training will be developed.	• Policies and procedures prepared for orie • Percentage of new staff receiving a timely • Median number of training days per staff • Percentage of staff that believe that they

The 2001 - 2002 Corporate Performance Plan was developed based on this input and other sessions involving our staff. The plan outlines goals, objectives, activities, performance measures, targets, and the budget of the organization. It is based on seven goals that cover all areas of our services to children and youth, adults and deceased estates.

As a demonstration of our commitment to openness and transparency, the goals, objectives and performance measures in the plan are reproduced below.

[redacted]

ments completed within 20 days of the guardian/client's request (Target – 75%).

will notify PGT of court appointment as Guardian in a timely manner.
f Estate under the Child Family and Community Services Act, where the PGT is notified within 60 days of appointment (Target – 75%).
e where financial entitlements and legal claims are identified and action commenced within 6 months of being notified by MCFD (Target – 50%).

mittee of Estate, all known sources of client income are identified and secured (Target – 60%).
investigators provide inventory of clients effects within 3 months of PGT authority (Target – 65%).
iness days and bills processed within 15 business days (Target – 80%).
man to the number of Committee of Estate clients regarding management of their property and assets will be less than 5/1000.
20 working days of reporting dates, and reviewed within 20 subsequent working days (Target – 75%).
en secured and documented within 90 days of notification of death (Target – 70%).
% of the total distributions (Target – 85%).
the rightful heirs with no percentage-based heir tracers involved (Target – 80%).
clients with financial assets over threshold amount (Target – $100,000).
1, 2002.
2002.
or exceed established benchmarks.
larch 31, 2002.

[redacted]

ated costs carried out within 60 days of the PGT being named trustee (Target - 85%).
50,000 for cost of future care whose budget plans are reviewed annually (Target - 85%).
ittee of Person who receive a visit within 6 weeks of PGT appointment (Target - 80%).
tee of Person that have a case management plan and whose plan is reviewed annually (Target - 80%).
hin 1 working day and major health care decisions made within 3 working days of all relevant information being received (Target - 80%).
GT that are not substantially changed by the Health Care and Care Facility Review Board or the Supreme Court of British Columbia (Target - 90%).

[redacted]

d and the parties are advised of the PGT position within 60 days of all relevant information being received (Target - 70%).
here the Supreme Court of British Columbia substantially accepts PGT recommendations for improvement (Target - 85%).
an assessment of incapability under Part 3 of the *Adult Guardianship Act* where the PGT authorizes the assessment within 5 working days of

of review (Target - 12 months).

[redacted]

ion procedures and settlement implementation by March 31, 2002.
ty protocols or other mechanisms to assist adults to receive needed support and assistance (Target - 50%).

[redacted]

for our clients identified by March 31, 2002.
and alternative formats identified, and a communications plan developed by March 31, 2002.

[redacted]

overnment completed by March 31, 2002.

[redacted]

March 31, 2002.
60 days of commencing employment) and relevant orientation. (Target – 75%).
(Target – 3 days).
necessary training to do their current work well (Target – 60%).

MANAGEMENT'S STATEMENT OF RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Public Guardian and Trustee Operating Account and the Estates and Trusts Administered by the Public Guardian and Trustee of British Columbia and all the information in this annual report are the responsibility of management. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Public Guardian and Trustee maintains various systems of internal accounting and administrative controls to provide reasonable assurance that the financial statements are reliable and accurate and that transactions are properly authorized, recorded and executed in accordance with prescribed regulations and that the corporation's and clients' assets are appropriately accounted for and adequately safeguarded.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the Public Guardian and Trustee of British Columbia. The duties of the Auditor General in that respect are contained in Section 26 of the *Public Guardian and Trustee Act*.

The Public Guardian and Trustee has reviewed and approved these financial statements and the annual report in advance of its release and has approved its content and authorized its release.

Jay Chalke
Public Guardian and Trustee

August 31, 2001

REPORT OF THE AUDITOR GENERAL ON THE OPERATING ACCOUNT

To the Public Guardian and Trustee of British Columbia,

To the Attorney General, Province of British Columbia, and

To the Members of the Legislative Assembly of British Columbia:

I have audited the balance sheet of the *Public Guardian and Trustee of British Columbia* Operating Account as at March 31, 2001 and the statement of operations and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Public Guardian and Trustee's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

This is the first year that the Public Guardian and Trustee of British Columbia has prepared audited financial statements. With the exception of prior year adjustments as described in note 4, it was neither cost effective nor practical for me to verify the balance sheet amounts at the beginning of the year. Since opening balances enter into the determination of results of operations and cash flows, I was unable to determine whether any adjustments to these amounts might be necessary.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I examined the opening balances, as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the *Public Guardian and Trustee of British Columbia* Operating Account as at March 31, 2001 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
August 31, 2001

Wayne Strelioff, CA
Auditor General

OPERATING ACCOUNT

BALANCE SHEET

AS AT MARCH 31, 2001

$ IN THOUSANDS	2001	2000
		Unaudited
Assets		
Due from the Province of British Columbia (note 5)	$5,884	$4,167
Due from the Ministry of Attorney General (note 3 (a))	1,334	-
Accounts receivable (note 13 (b))	625	666
Current assets	7,843	4,833
Capital assets (notes 3 (b) and 6)	437	1,261
	$8,280	$6,094
Liabilities		
Accounts payable and accrued liabilities	$693	$604
Accrued employee leave liability	550	493
Due to Estates and Trusts administered by the Public Guardian and Trustee (note 3 (a))	1,214	1,242
	2,457	2,339
Operating Account Balance	5,823	3,755
	$8,280	$6,094

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2001

$ IN THOUSANDS	2001	2000
		Unaudited
Revenues		
Commissions, fees and recoveries (note 13 (b))	$10,417	$10,349
Monitoring fees	661	672
Operating revenues (note 7)	11,078	11,021
Interest income on inactive accounts (notes 8 and 13 (b))	817	738
Funding from the Province of British Columbia (note 11 (a))	7,368	4,335
	19,263	16,094
Expenses		
Salaries and benefits	10,563	10,470
Amortization (note 4 (b))	408	496
Building occupancy (note 11 (b))	1,383	1,264
Client expenditures (note 9)	678	575
Computer system support and expenses	364	406
Contributions to communities (note 10)	501	50
Legal services	534	723
Other operating and administrative costs	609	684
Professional services	922	816
Telecommunications	214	228
	16,176	15,712
Excess of Revenues Over Expenses Before Extraordinary Adjustments	3,087	382
Extraordinary Adjustments (note 3)	(1,019)	-
Excess of Revenues Over Expenses After Extraordinary Adjustments	2,068	382
Operating Account Balance, Beginning of Year (as restated) (note 4)	3,755	3,373
Operating Account Balance, End of Year	$5,823	$3,755

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2001

$ IN THOUSANDS	2001	2000
		Unaudited
Cash Flows From Operating Activities		
Cash Equivalents Generated From		
Commissions, fees and recoveries	$10,435	$10,266
Monitoring fees	690	655
Interest income on inactive accounts	811	723
Funding from the Province of British Columbia	7,368	4,335
	19,304	15,979
Cash Equivalents Used For		
Salaries and benefits	10,532	10,428
Operating expenses	5,090	4,269
Due to Estates and Trusts	28	(93)
	15,650	14,604
	3,654	1,375
Cash Equivalents Used by Investing Activities		
Purchase of capital assets	(1,937)	(908)
Increase In Cash Equivalents	1,717	467
Cash Equivalents, Beginning of Year	4,167	3,700
Cash Equivalents, End of Year	$5,884	$4,167
Represented By		
Due from the Province of British Columbia	$5,884	$4,167

The accompanying notes are an integral part of these financial statements.

OPERATING ACCOUNT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001 ($ IN THOUSANDS)

1. Reporting Entity

The Public Guardian and Trustee Operating Account, established as a special account in the general fund of the consolidated revenue fund of the Province of British Columbia, was created by authority of the *Public Trustee Amendment Act, 1989* and was continued under the authority of the Public Guardian and Trustee Act. The Operating Account is not liable for taxation, except insofar as the government is liable. Spending from the account is dependent on Treasury Board approval.

The Public Guardian and Trustee Act came into force on February 28, 2000. The Public Guardian and Trustee is the successor in office of the corporation sole formerly known as the Public Trustee.

The purpose of the Operating Account is to provide services to clients of the Public Guardian and Trustee. Those clients are adults who are not capable of managing their own affairs, deceased persons' estates who have no other person willing and able to act for them, the estates of missing persons and children in receipt of settlement funds, insurance policy proceeds or money from estates.

Revenue is comprised of commissions, fees and recoveries paid by clients of the Public Guardian and Trustee for services rendered, interest income on inactive accounts and funding from the Province of British Columbia. Expenses include salaries for employees involved in managing and administering estates and trusts and services that cannot be directly attributable to a specific estate or trust or afforded by them.

Separate financial statements are prepared for the Estate and Trust accounts which include $589,481 of net assets under administration.

2. Significant Accounting Policies

(a) Basis of Accounting

Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles.

(b) Capital Assets

Capital assets are amortized on a straight-line basis over their estimated useful lives. Personal computer hardware and software are amortized over three years. All remaining assets are amortized over five years. No salvage value is assumed.

System development in progress consists of costs, including salaries, incurred in developing or acquiring systems that are not yet complete, or fully operational. These costs are capitalized but not amortized.

(c) Statement of Operations

Revenues are accounted for on the accrual basis. Certain commissions and fees are taken into income as approved by co-trustees, beneficiaries, the courts or by regulation, and must be taken at the termination of administration.

(d) Employee Benefit Plans

The Public Guardian and Trustee has a defined benefit plan and a defined retirement plan for substantially all of its employees. In addition, the Public Guardian and Trustee has defined health care plans for substantially all employees and retirees.

The Public Guardian and Trustee and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a multi-employer defined benefit plan. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position.

Employees are also entitled to specific health care and termination benefits as provided for under collective agreements and terms of employment.

Defined contribution plan accounting is applied to these benefit plans as the Public Guardian and Trustee has insufficient information to apply defined benefit accounting. As such, the cost of employee future benefits is recognized as an expense in the year contributions are paid.

(e) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts at the date of the financial statements. Actual results could differ from these estimates.

3. Extraordinary Adjustments

During the year there were two extraordinary adjustments. The effect of these was a net reduction of $1,019 to the Operating Account Balance.

(a) During fiscal 2001, 23 estates administered by the Public Guardian and Trustee were identified that had not received all the interest income to which they were entitled during some or all of the period from 1986 to March 2001. This resulted primarily from a change to an earlier status of inactivity. The total of the interest adjustments was $1,334. The Public Guardian and Trustee Operating Account paid estates $120 of this amount during the year and $1,214 in April 2001. This latter amount is shown as a liability in these statements. The impact of the interest payments and accruals on the Operating Account has been applied retroactively, as described in Note 4(a). The amount of $1,334 has subsequent to year end been fully funded by the Ministry of Attorney General and has been treated as extraordinary income in fiscal 2001 and as a receivable as at March 31, 2001 in these statements.

(b) Since 1999, the Public Guardian and Trustee has been investing in the development of an estate and trust management system – including development of new software and associated processing and support systems. As part of the ongoing challenge and reassessment process, sufficient concerns were raised such that the project was slowed while a more in-depth assessment could be made. As a result of an assessment completed in July 2001, the decision was made to stop further development of this system and pursue other business solutions. Development costs of $2,353 that were incurred prior to March 31, 2001 have been recorded as an extraordinary expense. The remaining costs, incurred from April through August 2001 will be expensed next year.

4. Operating Account Balance, Beginning of Year (as restated)

The April 1, 1999 Operating Account opening balance has been restated to reflect the retroactive application of reporting corrections and changes in accounting treatment. The total impact of the changes has reduced the opening balance at that date by $653.

(a) As described in Note 3, interest income adjustments of $1,334 were required on 23 estates. Of this amount, $1,149 was applied as a reduction to the Operating Account opening balance as at April 1, 1999. Interest adjustments were made to client expenditures in 2001 of $92 (2000 unaudited - $93).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001 ($ IN THOUSANDS)

(b) The capitalization of furniture and equipment and tenant improvements has been phased-in, consistent with Provincial financial policy. The net adjustment to the April 1, 1999 balance was $496. The furniture and equipment opening balance as at April 1, 1999 was increased by $177 to reflect the net book value of the assets. Fiscal 2000 was restated to reflect additions of $30 and amortization of $77.

The tenant improvements opening balance as at April 1, 1999 was increased by $319 to reflect the net book value of the assets. Fiscal 2000 was restated to reflect amortization of $159.

Amortization for the year ended March 31, 2000 has been increased by $236 to $496.

5. Due from the Province of British Columbia

Revenues and expenses of the Public Guardian and Trustee are processed and recorded through the Province of British Columbia financial systems. The amount due from the Province of British Columbia represents the accumulated excess of revenues over expenses of the Operating Account. The actual cash is part of the consolidated revenue fund of the Province of British Columbia.

6. CAPITAL ASSETS

	2001			2000
	Cost	Less: Accumulated Amortization	Net book value	Unaudited Net book value
Mini computer hardware	$125	$12	$113	$-
Mini computer software	439	439	-	17
Personal computer software	229	175	54	50
Personal computer hardware	808	645	163	228
System development in progress (note 3 (b))	-	-	-	676
Furniture and equipment (note 4 (b))	496	396	100	130
Tenant improvements (note 4 (b))	795	788	7	160
Total capital assets	$2,892	$2,455	$437	$1,261

For fiscal 2000, the retroactive application of capitalizing furniture and equipment ($207), tenant improvements ($319) and the policy of capitalizing salary costs associated with system development ($145) has increased the amortization expense associated with these assets by $236, increased their net book value by $435 and reduced salaries and benefits expense by $145.

7. Operating Revenues

Operating revenues are received for services rendered to clients of the Public Guardian and Trustee in accordance with the *Public Guardian and Trustee Fees Regulation* as provided for under the *Public Guardian and Trustee Act*.

8. Interest Income on Inactive Accounts

In prior years, the Public Guardian and Trustee Operating Account has been entitled to receive interest income on inactive estate and trust accounts administered by the Public Guardian and Trustee. As a result of legislative change, effective March 2, 2001, after being declared inactive, estate and trust accounts are transferred to the Province of British Columbia. All assets of the inactive accounts existing at January 2001 were transferred to the Province of British Columbia in April 2001 and transfers will occur quarterly thereafter. Consequently, the Public Guardian and Trustee Operating Account will no longer receive interest income on inactive accounts.

9. Client Expenditures

Client expenditures represent amounts paid for clients' property management, advances to clients and other miscellaneous expenditures made on behalf of clients where the clients do not have the funds to pay or where an administrative decision has been made to pay an amount on behalf of clients. Legal expenditures paid on behalf of clients are reported under Legal Services.

10. Contributions to Communities

Contributions are made to communities and projects that address abuse and neglect related to adult guardianship. The largest contributions are made to communities to facilitate the establishment of Community Response Networks in accordance with Section 61 of the *Adult Guardianship Act*. The purpose of the networks is to develop a coordinated community response to issues of abuse and neglect.

11. Related Party Transactions

The Public Guardian and Trustee is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities are considered to be in the normal course of operations.

(a) A transfer from a sub-vote of the Ministry of Attorney General has been provided for adult guardianship legislation and other expenditures of the Public Guardian and Trustee. The amount received in 2001 was $7,368 (2000 unaudited - $4,335).

(b) Office and warehouse facilities are leased by the Ministry of Attorney General through the British Columbia Buildings Corporation. Total lease payments for 2001 were $1,383 (2000 unaudited - $1,264).

(c) Certain financial and administrative services are provided by the Ministry of Attorney General. The costs of these services are not readily quantifiable, not charged to the Public Guardian and Trustee Operating Account and are therefore not included in these financial statements.

12. Contingent Liabilities

From time to time, the Public Guardian and Trustee is a defendant in legal actions in carrying out his duties. Under Section 21 of the *Public Guardian and Trustee Act*, monies required to discharge any liability or claim against the Public Guardian and Trustee must be paid out of the consolidated revenue fund of the province.

13. Comparability of Reported Amounts

(a) The Public Accounts of British Columbia are prepared in accordance with generally accepted accounting principles for senior governments. The financial statements of the Public Guardian and Trustee Operating Account are prepared in accordance with Canadian generally accepted accounting principles. This means that there will be variances in amounts reported in the Public Accounts when compared to the Public Guardian and Trustee statements due to the different reporting standards. In addition, accruals and adjustments not material to the Public Accounts but material to the Public Guardian and Trustee have been included in these statements.

(b) The financial statements for both the Public Guardian and Trustee Operating Account and those for the Estates and Trusts Administered by the Public Guardian and Trustee are prepared in accordance with Canadian generally accepted accounting principles. Separate accounting systems and processes are utilized by each of these reporting entities. Although each reporting entity has similar reporting standards, amounts paid or payable between the entities may vary due to timing, collectibility and materiality differences. The Operating Account statements also include fees received from other than estate and trust clients.

REPORT OF THE AUDITOR GENERAL ON THE ESTATES AND TRUSTS ADMINISTERED

To the Public Guardian and Trustee
of British Columbia,

To the Attorney General,
Province of British Columbia, and

To the Members of the Legislative Assembly of British Columbia:

I have audited the balance sheet for estates and trusts administered by the *Public Guardian and Trustee of British Columbia* as at March 31, 2001 and the statement of changes to client assets for the year then ended. These financial statements are the responsibility of the Public Guardian and Trustee's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

This is the first year that the Public Guardian and Trustee of British Columbia has prepared audited financial statements. Since the method of valuation of most balance sheet assets has changed significantly from previous years, it was neither cost effective nor practical for me to verify their valuation at the beginning of the year, or satisfy myself concerning these asset balances by alternative means. As opening balances enter into the determination of changes in client assets, I was unable to determine whether any adjustments to these amounts might be necessary.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I examined the opening balances, as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position for estates and trusts administered by the *Public Guardian and Trustee of British Columbia* as at March 31, 2001 and the changes to client assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
August 31, 2001

Wayne Strelioff, CA
Auditor General

ESTATES AND TRUSTS ADMINISTERED

BALANCE SHEET

AS AT MARCH 31, 2001

$ IN THOUSANDS	2001
Assets	
Premium money market fund (note 3)	$415,528
Balanced income fund (note 4)	15,590
Other investments and securities (note 5)	94,873
Other financial assets (note 6)	17,307
Real property (note 7)	70,709
Other assets (note 2 (b))	1
	$614,008
Liabilities	
Accounts payable	$4,768
Mortgages and loans payable	3,040
Payable to the Public Guardian and Trustee Operating Account (note 13)	910
Payable to the Province of British Columbia (note 8)	15,809
	24,527
Net Assets Held in Trust	589,481
	$614,008

The accompanying notes are an integral part of these financial statements.

ESTATES AND TRUSTS ADMINISTERED

STATEMENT OF CHANGES TO CLIENT ASSETS

FOR THE YEAR ENDED MARCH 31, 2001

$ IN THOUSANDS	Premium money market fund	Balanced income fund	Other investments and securities	Other financial assets	Real property	2001 Totals
Opening Balances, at Net Realizable Value (as restated) (unaudited) (note 2 (d) (i))	$397,653	$16,528	$89,225	$15,563	$71,323	$590,292
Sources of Client Assets						
Pensions, benefits and settlements	64,280					64,280
Investment income	25,038	1,870	7,801			34,709
Assets acquired upon appointment			26,196	22,311	20,530	69,037
	89,318	1,870	33,997	22,311	20,530	168,026
Disposition of Client Assets						
Cash distributions to clients and beneficiaries	(59,498)					(59,498)
Payments for client care and maintenance (note 9)	(36,955)					(36,955)
Professional services (note 10)	(6,253)	(174)	(113)			(6,540)
Taxes paid on behalf of clients	(5,604)					(5,604)
Assets purchased for clients	(1,885)					(1,885)
Funds escheated to the Crown	(86)					(86)
Commissions and fees paid to the Public Guardian and Trustee Operating Account (notes 11 and 13)	(10,899)	(183)				(11,082)
Interest income on inactive client trust fund accounts paid to the Public Guardian and Trustee Operating Account (notes 12 and 13)	(816)					(816)
Assets released to clients, beneficiaries and heirs			(20,808)	(2,981)	(14,284)	(38,073)
	(121,996)	(357)	(20,921)	(2,981)	(14,284)	(160,539)
Client Assets Reinvested						
Proceeds from sale of client assets	48,158					48,158
Recorded value of assets sold		(2,108)	(15,618)	(17,586)	(11,523)	(46,835)
	48,158	(2,108)	(15,618)	(17,586)	(11,523)	1,323
Net Increase (Decrease)	15,480	(595)	(2,542)	1,744	(5,277)	8,810
Closing Balances, at Net Realizable Value	413,133	15,933	86,683	17,307	66,046	599,102
Adjustments to Fair Value (note 2 (d) (ii))	2,395	(343)	8,190	-	4,663	14,905
Closing Balances, at Fair Value	$415,528	$15,590	$94,873	$17,307	$70,709	614,007
Add: Other Assets						1
Total Assets Held in Trust						$614,008

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001 ($ IN THOUSANDS)

1. Reporting Entity

The *Public Guardian and Trustee Act* came into force on February 28, 2000. The Public Guardian and Trustee is the successor in office of the corporation sole formerly known as the Public Trustee.

The Public Guardian and Trustee operates under provincial legislative authority to uphold the legal rights and safeguard the financial interests of adults who are not capable of managing their own affairs, deceased persons' estates who have no other person willing and able to act for them, the estates of missing persons and children in receipt of settlement funds, insurance policy proceeds or money from estates.

These statements reflect the financial position and activity for the estates and trusts administered by the Public Guardian and Trustee. Separate financial statements are prepared for the Public Guardian and Trustee Operating Account which include the financial, administrative and operating expenses of the Public Guardian and Trustee. These statements reflect the assets, liabilities, sources and disposition of client assets for the estates and trusts under administration.

2. Significant Accounting Policies

(a) Basis of Accounting

Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles.

(b) Client Asset Valuations

Client assets, excluding other assets, are valued at fair value.

Management defines fair value as "the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties, who are under no compulsion to act". Fair value is determined by reference to market valuations obtained from external sources.

For the premium money market fund, the balanced income fund, and other investments and securities, fair value at year end is determined from information obtained from investment service providers. Management values other financial assets at the fair value of the assets at the date of appointment, adjusted for subsequent transactions, as there is no practical and cost effective way to update to fair value at year end.

For real property, management determines the fair value based on the most recent British Columbia Assessment Authority property assessment. When this value is not available or management believes that it does not reflect market value, fair value is determined from professional appraisals.

Management values other assets at the nominal value of $1 because the fair value for these assets is not readily determinable. Other assets include jewelry, collectibles, vehicles and other effects.

(c) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions in determining the reported amounts for assets and liabilities. As noted above, management determines the reported value of client assets from information obtained from external sources it believes to be reliable. Reliability of the values obtained may vary depending on the nature and location of the client asset. The more significant variances in opinion occur in determining the fair value of other financial assets and real property.

(d) Changes in Accounting Policies

(i) Valuation of Assets

In prior years, client assets were valued at net realizable value defined as fair value at the commencement date of the Public Guardian and Trustee's authority for the client or the estate, adjusted for subsequent transactions. The Public Guardian and Trustee changed the method of reporting these assets to fair value at March 31, 2001 as management feels these values are more meaningful.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001 ($ IN THOUSANDS)

Due to costs and impracticality, comparative values for the prior year have not been determined and are therefore not reported in these statements.

(ii) Adjustments to Fair Value

The adjustments to fair value amounts represent the difference in values between assets valued at net realizable value as described above and fair value of those assets at March 31, 2001. Although the adjustments include unrealized gains and losses on client assets, and valuation changes during the current and prior years, there is no practical way to determine or disclose these amounts.

(e) Management of Client Funds and Investments

As a fiduciary, the Public Guardian and Trustee is responsible for managing the assets owned by each estate and trust under his authority. The Public Guardian and Trustee must exercise care, skill, diligence and judgement as a prudent investor for his clients.

Under Section 12 of the *Public Guardian and Trustee Act*, the Public Guardian and Trustee is permitted to create common funds within the trust fund account. The Public Guardian and Trustee has established two common funds called the premium money market fund and the balanced income fund. Money not immediately required for payment or to be invested is placed in the premium money market fund.

Under Section 13 (1) of the *Public Guardian and Trustee Act*, the Public Guardian and Trustee is permitted to make separate investments for clients if the money is subject to an express trust or direction for investment or it is, for any other reason, in the best interests of the client to do so. Other investments and securities include separate investment portfolios and registered plans which are established or maintained for clients according to their investment profile.

The premium money market fund is managed by the BC Investment Management Corporation and the balanced income fund is managed by Connor, Clark & Lunn Investment Management Ltd.

3. Premium Money Market Fund

Cash and short term investments	$297,660
Bond investments	116,654
Receivable from the Public Guardian and Trustee Operating Account	1,214
	$415,528

Earnings on the premium money market fund are paid as interest each month to client trust fund accounts based on their closing daily balances. The average annual effective yield for the year ended March 31, 2001 was 6.0%.

During the year, it was determined that 23 estates had not received all the interest income to which they were entitled during some or all of the period from 1986 to March 2001. This resulted primarily from a change to an earlier status of inactivity. Interest totaling $1,334 was received from the Public Guardian and Trustee Operating Account and credited to client trust fund accounts, $120 during the year and the balance of $1,214 in April 2001.

4. Balanced Income Fund

Cash and short term investments and receivables	$421
Canadian bond and mortgage investments	8,364
Canadian equities	3,002
Pooled funds	3,803
	$15,590

The balanced income fund is a unitized pool of investments; units in this fund are valued monthly. The rate of return for the year ended March 31, 2001 was 8.1%.

5. Other Investments and Securities

Investment portfolios	$52,109
Registered plans	6,928
Other investments and securities	35,836
	$94,873

Separate investment portfolios are established or maintained for certain clients where it is considered prudent. Where appropriate, investments are held in registered retirement savings plans and registered retirement income funds. These accounts are administered and trusteed in accordance with the *Income Tax Act*.

6. Other Financial Assets

Other financial assets include funds in external accounts and amounts receivable.

7. Real Property

Real property includes land, buildings and manufactured homes where the ownership is by way of fee-simple (including strata), leasehold, or right to purchase and the ownership interest is registered. Some real properties are located outside of British Columbia or in foreign countries.

8. Payable to the Province of British Columbia

On April 5, 2001, inactive accounts totaling $15,809 were transferred to the Province of British Columbia, Ministry of Finance and Corporate Relations. As a result of a legislative change effective March 2, 2001, after being declared inactive, unclaimed money is transferred to the Province of British Columbia at the time the account becomes inactive. Section 27.1 (2) of the *Public Guardian and Trustee Act* deems this money to be an unclaimed money deposit under the *Unclaimed Property Act*.

An account is deemed to be inactive when the Public Guardian and Trustee is unable to locate a client, the beneficiary of a trust or the heir of an estate.

9. Payments for Client Care and Maintenance

Client care and maintenance costs are paid for goods and services purchased for clients and for personal living expenses, including payments to care facilities.

10. Professional Services

Professional services include payments for such services as accounting, legal, investment management, custodial, funeral and property management.

11. Commissions and Fees Paid to the Public Guardian and Trustee Operating Account

Commissions and fees are paid by clients for services provided by the Public Guardian and Trustee in accordance with the *Public Guardian and Trustee Fees Regulation* as provided for under the *Public Guardian and Trustee Act*.

12. Interest Income on Inactive Client Trust Fund Accounts Paid to the Public Guardian and Trustee Operating Account

Prior to March 2, 2001, interest income on inactive client trust fund accounts was paid to the Public Guardian and Trustee Operating Account. As indicated in Note 8, effective March 2001 all inactive client trust fund accounts will be transferred to the Province of British Columbia when the accounts are deemed to be inactive. As a result, interest income on inactive client trust fund accounts is no longer paid to the Public Guardian and Trustee Operating Account.

13. Comparability of Reported Amounts

The financial statements for both the Public Guardian and Trustee Operating Account and those for the Estates and Trusts Administered by the Public Guardian and Trustee are prepared in accordance with Canadian generally accepted accounting principles. Separate accounting systems and processes are utilized by each of these reporting entities. Although each reporting entity has similar reporting standards, amounts paid or payable between the entities may vary due to timing, collectibility and materiality differences. The Operating Account statements also include fees received from other than estate and trust clients.

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